

Message Text

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ACTION EB-11

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E.O. 11652: N/A

TAGS: ETRN, EWWT, NI

SUBJECT: PORT CONGESTION SURCHARGE: LAGOS/APAPA

REFS: A. LAGOS 4572 AND PRIVIOUS; B. STATE 168338

1. APPLICATION BY AMERICAN-WEST AFRICAN FREIGHT CONFERENCE FOR RIGHT TO LEVY 10 PCT PORT DETENTION SURCHARGE ON TRAFFIC TO LAGOS/APAPA WAS PRESUMABLY MADE IN RESPONSE TO SITUATION OF UNUSUALLY HEAVY PORT CONGESTION DURING PERIOD JUNE-JULY THIS YEAR. TWO MAIN FACTORS CONTRIBUTED TO CONGESTION: (A) DOCKWORKERS' STRIKE OF 4-5 DAYS DURATION BEGINNING MAY 20; AND (B) UNUSUALLY HEAVY RAINY SEASON THIS YEAR, PARTICULARLY DURING FIRST TWO WEEKS OF JULY, WHICH RESULTED IN SLOWDOWN OF OFF-LOADING ACTIVITIES. DURING PEAK OF CONGESTION, WAITING TIME FOR INCOMING SHIPS INCREASED FROM THE NORMAL AVERAGE OF ABOUT THREE DAYS, TO AN AVERAGE OF ABOUT ELEVEN DAYS. CURRENTLY, HOWEVER, WAITING TIME IS BACK TO THREE DAYS, AND BARRING ANY FURTHER UNFORESEEN PROBLEMS, IT SHOULD REMAIN AT THAT LEVEL FOR NEXT FEW MONTHS AT LEAST.

2. FOR ANALYSIS OF LONG-TERM PROSPECT PORT LABOR

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SITUATION,, REFER TO REF A AND PREVIOUS. ROOT OF

PROBLEM HAS BEEN POWER STRUGGLE BETWEEN TWO RIVAL UNIONS. NEGOTIATIONS INITIATED BY FEDERAL GOVERNMENT HAVE PUT A LID ON STRIKE ACTION FOR TIME BEING, BUT SITUATION IS STILL FLUID AND POSSIBILITY OF FURTHER WORK STOPPAGES OVER NEXT FEW MONTHS CANNOT BE RULED OUT. IT SHOULD BE POINTED OUT, HOWEVER, THAT LABOR PROBLEMS HAVE BEEN ENDEMIC TO NIGERIAN PORTS (AS ELSEWHERE IN THE WORLD) FOR MANY YEARS, AND THEIR EFFECT ON PORT CONGESTION HAS NEVER BEEN MORE THAN TEMPORARY.

3. UNUSUALLY HEAVY RAINY SEASON, TOO, HAS HAD ONLY TEMPORARY EFFECT OF INCREASING PORT CONGESTION. HEAVY RAINS CONSTITUTE ANNUAL PROBLEM, USUALLY OF SHORT DURATION, AND RAINS THIS YEAR WERE EXCEPTIONALLY BAD.

4. LAGOS/APAPA PORT, WITH AVERAGE WAITING TIME OF THREE DAYS, IS AN EXTREMELY BUSY COMPLEX EVEN UNDER BEST OF CIRCUMSTANCES; AND PORT LABOR PRODUCTIVITY, AS WITH MOST LDC'S, IS LOW BY US STANDARDS. HOWEVER, PARTICULARLY IF CONFERENCE APPLICATION FOR DETENTION SURCHARGE IS BASED ON TEMPORARY SITUATION EXISTING DURING PERIOD OF JUNE-JULY THIS YEAR, EMBASSY BELIEVES THIS ACTION PREMATURE AND UNWARRANTED. ACCORDING TO NIGERIAN PORTS AUTHORITY, ONLY ONE OTHER CONFERENCE HAS APPLIED DETENTION SURCHARGE ON APAPA (SINGAPORE - WEST MALAYSIA - WEST AFRICA CONFERENCE, 10PCT) AND FMG HAS FORMALLY PROTESTED THIS MOVE.

REINHARDT

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